IT Initiative Supplement

February 25, 2010

I. Project Description

Project Title: Replacement Lottery Operating System Contractor
Brief Description of the Project Title: The current contract for the operating and maintaining of the Lottery Operating system will expire on 31 March 2016. This system includes the accounting, validation, inventory, distribution, and the paying of winners of scratch tickets and the generation , validation, accounting of the terminal generated lotto games. The contract also includes all hardware, software and communications connecting the more than 800 retailers across the state. The Lottery must start the request for proposal process in 2014. This project does not require any funding from the State Legislature. Contractors are paid a percentage of each ticket sale.

Statewide Priority:
Agency Priority: 1
Estimated Completion Date: March 2016
IT Project Biennium: 2016-2017
Request Number:
Version:

Agency Number:
Agency Name: Montana Lottery
Program Number:
Program Name: Replacement Lottery Operating System Contractor

A. Type of Project (check all that apply)
      Enhancement
      √ Replacement
      New
      O&M

B. Type of System (check all that apply)
      Mid-Tier
      Mainframe
      GIS
      Web
      √Network
      Desktop

II. Narrative

C. **Executive Summary**

Project Purpose and Objectives: The purpose of this project is to obtain a contractor that will provide, operate, and maintain the Lottery's Operating System for another 7 to 10 years. This includes the establishment and maintenance of a retailer network connecting approximately 800 terminals and an operating system for the Lottery staff to manage and control all aspects of Lottery operations.

Technical Implementation Approach: This will be in the Scope of Project of the request for proposal.

Project Schedule and Milestones:

September 2014	Start the Request for Proposal process
November 2014	Issue the Request for Proposal
January 2015	RFP Responses due from vendors
March 2015	Contract Award
March 2016	New system operating

D. **Business and IT Problems Addressed**

E. **Alternative(s)**

Alternatives Considered: The Lottery would develop, operate and maintain the system itself.

Rationale for Selection of Particular Alternative: The Lottery only has 31.5 positions, and to adequately operate the system, it would require at least 30 more FTE to include a Retailer Hotline (help line), software and hardware engineers, operators staffing a 24/7 Operations center, plus technicians to install and maintain retailer terminals. Contractors offer a more in depth level of support, and can temporarily call on other employees at other sites to address issues if the need exists.

F. **Narrative Detail**

III. Costs

G. **Estimated Cost of Project:**

   1. **Personnel Services – IT Staff:**

   2. **Personnel Services – Non IT Staff:**

3. **Contracted Services:** The vendor would receive a percentage of total sales of tickets.

4. **ITSD Services:**

5. **Hardware:**

6. **Software:**

7. **Telecommunications:**

8. **Maintenance:**

9. **Project Management:**

10. **IV&V**

11. **Contingency:**

12. **Training:**

13. **Other:**

Total Estimated Costs: $0.00

Total Funding: $0.00

IV. Funding

H. Funding

1. **Fund:**

2. **Amount:**

3. **Total Costs:**

      Cash/Bonded:

      Bill Number:

V. Cost upon Completion

1. **Operating Costs upon Completion**

   FTE: 0

   Personal Services Costs: 0

   Operating Costs:

   Maintenance Expenses:

   Total Estimated Costs: Contractor would receive a percentage of all ticket sales.

2. **Funding Recap**

   Fund Type:

   Amount:

   Total Funding:

V. Risk Assessment

A. Current IT Infrastructure Risks

1. Current application 10+ years old? It will be 13+ at end of contract.   __Y___
   Date of last major upgrade? None

2. Current application is based on old technology?   __N___
   If yes, what is the current hardware platform, operating system, and programming languages
   used to support the application?

3. Is the agency not capable of maintaining the current application with internal technical staff?
                                                                              ___N___
   If yes, who supports the application today?   Intralot

4. Other IT infrastructure risks?   ___N___
   If yes, provide further detail.

B. Current Business Risks

1. What are the risks to the state if the project is not adopted? The Lottery Operating System is
contractor owned and operated. The current contract expires on 31 March 2016,

2. Does the current application meet current business requirements?   ___Y__
    If "no", what specific business functions does the application lack?

C. Project Risk Assessment

1. Describe any major obstacles to successful implementation and discuss how those obstacles
will be mitigated.

Table H   Risk Assessment

Description	Severity (H/M/L)	Probability of Occurrence (%)	Estimated Cost	Mitigation Strategy